



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 780 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Nancy Cassis
Committee: Natural Resources and Environmental Affairs

Date Completed: 1-7-04

RATIONALE

Under the Local Development Financing Act, a city, village, or urban township may establish a local development finance authority to "capture" revenue from millage levied on increased property values within the boundaries of the authority, and to invest the revenue in public facilities, or infrastructure, for the property. The Act allows the capture of property taxes only from property used for manufacturing and agricultural processing activities and from property within certified technology parks.

A situation has arisen recently in Oakland County, where two townships jointly wish to turn a gravel site into a certified technology park. Under the Act, however, the townships are not considered an entity that may establish an authority. It has been suggested that the definition of "urban township" should be revised to accommodate this situation.

CONTENT

The bill would amend the Local Development Financing Act to expand the definition of "urban township".

The Act defines "urban township" as a township that meets at least one of four sets of criteria. Although the sets vary in their criteria, each takes into account township and county population, and the date the township adopted a master zoning plan or established a local development finance authority. The bill would add a fifth category: a township that is located in a county with a population of 1 million or more (Oakland and Wayne Counties, according to 2002 U.S. Census Bureau data); has a written agreement with an adjoining township to develop one or more public facilities on contiguous property located in both townships; and has a master plan in effect.

MCL 125.2152

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Representatives of Oakland County's Holly and Groveland Townships, in which the gravel pits are located, say the site is an eyesore and an economic liability. They claim that the townships could turn it into a revenue-producing asset, if they were allowed to take advantage of the opportunities open to urban municipalities under the Act. The two townships are rural and do not currently have the resources to develop the site. The new category the bill would add is specific to the area in question; thus, the bill would facilitate economic development but would not open up other parts of the State to potential sprawl. In addition, enabling the townships to develop the site as a certified technology park would prevent it from being used for less desirable purposes, such as a landfill or a prison.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would increase both expenses and revenues for the local units affected by an unknown amount. As provided in the Act, the increased revenues would be limited to defray the increased expenses.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.